

TOWNSHIP OF FORD RIVER  
AUDITED FINANCIAL STATEMENTS  
REQUIRED SUPPLEMENTAL INFORMATION  
AND SUPPLEMENTAL REPORT  
YEAR ENDED March 31, 2008

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name FORD RIVER TOWNSHIP	County DELTA
Audit Date MARCH 31, 2008	Opinion Date JUNE 19, 2008	Date Accountant Report Submitted to State: JUNE 19, 2008	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:


1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) RAY PAYMENT, CPA			
Street Address 617 LUDINGTON STREET	City ESCANABA	State MI	ZIP 49829
Accountant Signature 			

## CONTENTS

### Audited Financial Statements:

	<u>Page</u>
Independent Auditor's Report.....	3
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	13
Reconciliation of the Balance Sheet of the Govern- mental Fund with the Statement of Net Assets.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.....	15
Notes to Financial Statements.....	17

### Required Supplemental Information:

Budgetary Comparison Schedules - Governmental Fund.....	26
---	----

### Other Financial Information:

Fiduciary Funds - Statement of Changes in Assets and Liabilities.....	28
Combined Statement of Revenues and Expenditures - Special Revenue Funds.....	29

### Supplemental Report -

Report on Compliance and Other Matters Based on an Audit of Financial Statements.....	A-1
Schedule of Findings.....	B-1

RAYMOND L. PAYMENT  
CERTIFIED PUBLIC ACCOUNTANT

617 LUDINGTON STREET  
ESCANABA, MICHIGAN 49829  
PHONE: 906-786-8520  
FAX: 906-786-8521

PROFESSIONAL BUILDING  
STEPHENSON, MICHIGAN 49887  
PHONE: 906-753-4700

June 19, 2008

INDEPENDENT AUDITOR'S REPORT

Members of the Board  
Township of Ford River  
Delta County, Michigan

I have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining funds information of the Township of Ford River, as of and for the year ended March 31, 2008, which collectively comprise the basic financial statements of the Township of Ford River as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Township of Ford River as of March 31, 2008, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township of Ford River has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments, as amended and interpreted, as of April 1, 2007.

The management's discussion and analysis and budgetary comparison information on pages 5 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements. The accompanying Other Financial Information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Ray L. Payment". The signature is stylized with large, flowing loops.

Ray L. Payment  
Certified Public Accountant

TOWNSHIP OF FORD RIVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended March 31, 2008

---

**Management's Discussion and Analysis**

This section of the Township of Ford River's annual financial report presents my discussion and analysis of the Township's performance during the year ended March 31, 2008. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) Basic Financial Statements - and Managements Discussion and Analysis - for State and Local Governments, as amended and interpreted, and is intended to provide the financial results for the fiscal year ending March 31, 2008. This is the first year of GASB 34 implementation. As a result the financial report is presented differently than previous years. Because this is the first year of implementation of GASB Statement No. 34, prior-year data is not available but will be provided in subsequent years for comparative purposes.

**Government-wide Financial Statements**

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual method of accounting which is the accounting used by most small private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except the fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded primarily by state grants.

The statement of net assets reports the Township's assets and liabilities. The corresponding balance between the assets and liabilities equals the net assets of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the financial position of the township generally is. It helps management determine if the Township will be able to fund current obligations and whether they have resources available for future use.

The statement of activities shows the current year change in net assets on a revenue less expense basis. It shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township.

TOWNSHIP OF FORD RIVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

**Fund Financial Statements**

The Township's fund financial statements show a detail of funds that are determined to be significant, called major funds. The funds that are separately stated as the major fund are the General Fund and Special Revenue Funds.

Governmental funds are accounted for by the modified accrual method of accounting (flow of current financial resources measurement focus). This method records revenues when all applicable eligibility requirements are met and resources are available to finance expenditures of the fiscal period. Expenditures are recorded when the related liability is incurred. The governmental fund financial statements show the detail of operations for a given year according to this method of accounting. This is similar to how the Township reported their finances in the past. The individual fund statements help management determine what financial resources are available on a short-term basis to fund operations.

Although the government-wide financial statements and the fund financial statements use different methods of accounting to report the Township's financial condition, there are no current year differences between the two types of statements except depreciation expense and fixed assets.

Fiduciary funds, such as the Trust and Agency, are reported in the fiduciary fund financial statement, but are excluded from the government-wide reporting. The fiduciary fund financial statement reports resources that are not available to fund Township programs. The fiduciary fund financial statement reports similarly to governmental funds.

TOWNSHIP OF FORD RIVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

**Government-wide Financial Statements - Condensed Financial Information**

Statement of Net Assets

The following is a March 31, 2008 condensed statement of net assets with a detailed analysis of the statement below.

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and CD's	\$ 317,803
Taxes receivable	<u>2,979</u>
Total Current Assets	\$ 320,782
Noncurrent Assets -	
Capital Assets, net of accumulated depreciation	<u>34,451</u>
Total Assets	<u>\$ 355,233</u>
NET ASSETS	<u>\$ 355,233</u>
Invested in capital assets, net of related debt	\$ 34,451
Unrestricted	<u>320,782</u>
Total Net Assets	<u>\$ 355,233</u>

The Township's total net assets are \$355,233 at March 31, 2008. Capital assets are \$34,451. This figure is derived by taking the original cost of the Township's assets and subtracting accumulated depreciation to date.



TOWNSHIP OF FORD RIVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Government-wide Financial Statements - Condensed Financial Information**

Statement of Net Assets (Continued)

The total unrestricted net assets are \$320,782 as of March 31, 2008. This is the net accumulated result of the current and past years' operations. The balance in the unrestricted net assets shows that the Township has an ample amount of assets to fund liabilities at March 31, 2008.

**Statement of Activities**

The results of operations for the Township as a whole are reported in the statement of activities. This statement reports the changes in net assets for the fiscal year ended March 31, 2008. Since this is the first year the Township has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to the previous year are not made.

	<u>Governmental Activities</u>
Revenue:	
Program Revenues:	
Charges for services	\$ 3,170
Operating grants and contributions	1,440
General Revenues:	
State and federal grants	154,183
Interest	8,538
Other revenue	23,017
Property taxes and collection	<u>61,161</u>
Total Revenue	\$ 251,509
Program expenses -	
Governmental activities	<u>192,490</u>
Increase in Net Assets	<u>\$ 59,019</u>

The Township had an overall increase in net assets of \$59,019 for the year ended March 31, 2008. The Township's revenues totaled \$251,509.

TOWNSHIP OF FORD RIVER  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

---

**Statement of Activities (Continued)**

The Township's total cost to fund governmental activities was \$192,490. A majority of these costs were funded by state grants. This shows the Township has reliance on state grants to provide future funding for its programs and administrative costs.

**Governmental Fund Budgetary Items**

A schedule showing the Township's final budget and the actual results are included as required supplementary information in the financial section of the audit report. There were no budget revisions made during the year.

**Capital Assets**

At March 31, 2008, the Township had \$34,451 invested in capital assets net of accumulated depreciation. The change in capital assets during the year ended March 31, 2008 was depreciation of \$19,456 and additions to equipment of \$10,000.

**Debt**

The Township had no outstanding debt at March 31, 2008.

**Future Considerations**

The change in state aid payments along with State budget cuts will impact the financial condition of the Township. The Township has adopted a budget for the upcoming fiscal year that should not over expend it's funding and leave the Township with a positive Fund Balance.

**Contacting the Township**

If you have any questions about this report or need additional information, contact the Township offices.

BASIC  
FINANCIAL  
STATEMENTS

TOWNSHIP OF FORD RIVER  
STATEMENT OF NET ASSETS

March 31, 2008

---

ASSETS

CURRENT ASSETS:

Cash and CD's	\$ 317 803
Taxes receivable	<u>2 979</u>

TOTAL CURRENT ASSETS	<u>\$ 320 782</u>
----------------------	-------------------

NONCURRENT ASSETS

Capital assets	303 989
Less accumulated depreciation	<u>(269 538)</u>

TOTAL NONCURRENT ASSETS	<u>34 451</u>
-------------------------	---------------

TOTAL ASSETS	<u>\$ 355 233</u>
--------------	-------------------

NET ASSETS	<u>\$ 355 233</u>
------------	-------------------

Invested in capital assets, net of related debt	\$ 34 451
Unrestricted	<u>320 782</u>

TOTAL NET ASSETS	<u>\$ 355 233</u>
------------------	-------------------

The accompanying notes are an integral part of  
the financial statements.

TOWNSHIP OF FORD RIVER  
STATEMENT OF ACTIVITIES

March 31, 2008

		<u>Program Revenues</u>		<u>Governmental</u>
		<u>Charges</u>	<u>Operating</u>	<u>Activities</u>
	<u>Expenses</u>	<u>for</u>	<u>Grants and</u>	<u>Net (Expense)</u>
		<u>Services</u>	<u>Contributions</u>	<u>Revenue and</u>
				<u>Changes in</u>
				<u>Net Assets</u>
Governmental activities:				
Legislative	\$ 32 849	\$ -	\$ -	\$ ( 32 849)
General Government	80 070	-	-	( 80 070)
Public Works and Safety	48 188	1 300	1 440	( 45 448)
Cemetery and recreation	11 927	1 870	-	( 10 057)
Nonallocated - depreciation	<u>19 456</u>	<u>-</u>	<u>-</u>	<u>( 19 456)</u>
Total Governmental Activities	\$ 192 490	\$ 3 170	\$ 1 440	\$ ( 187 880)
General revenues:				
State and federal grants				\$ 154 183
Interest				8 538
Other revenue				23 017
Property taxes and collection				<u>61 161</u>
Total General Revenues				<u>246 899</u>
Changes in Net Assets				\$ 59 019
Net assets at April 1, 2007				<u>296 214</u>
Net assets at March 31, 2008				<u>\$ 355 233</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF FORD RIVER  
BALANCE SHEET- GOVERNMENTAL FUNDS

March 31, 2008

ASSETS

	<u>General Fund</u>	<u>Liquor Fund</u>	<u>Total</u>
Cash and CD's	\$ 315 936	\$ 1 867	\$ 317 803
Taxes receivable	<u>2 979</u>	<u>-</u>	<u>2 979</u>
TOTAL ASSETS	<u>\$ 318 915</u>	<u>\$ 1 867</u>	<u>\$ 320 782</u>

LIABILITIES AND FUND EQUITY

Fund Equity - unreserved fund balance	<u>\$ 318 915</u>	<u>\$ 1 867</u>	<u>\$ 320 782</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 318 915</u>	<u>\$ 1 867</u>	<u>\$ 320 782</u>

The accompanying notes are an integral part  
of the financial statements.

TOWNSHIP OF FORD RIVER  
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND  
WITH THE STATEMENT OF NET ASSETS

March 31, 2008

---

Total fund equity of governmental activities	\$ 320 782
--	------------

Amounts reported for governmental activities in the  
statement of net assets are different because:

    Additions:

        Capital assets used in government activities  
            are not financial resources and therefore are  
            not reported as assets in governmental funds.

Cost of capital assets	\$ 303 989	
Accumulated depreciation	<u>(269 538)</u>	<u>34 451</u>

Total net assets of governmental activities	<u>\$ 355 233</u>
---	-------------------

The accompanying notes are an integral part of the  
financial statements.

TOWNSHIP OF FORD RIVER  
 COMBINED STATEMENT OF CASH RECEIPTS  
 DISBURSEMENTS AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 YEAR ENDED March 31, 2008

	<u>Governmental Fund Type</u>	
	<u>General</u>	<u>Special Revenue</u>
CASH RECEIPTS:		
Property taxes	\$ 46 058	\$ -
Interest income	8 538	-
State revenue sharing	154 183	-
Hall rent	1 800	-
Swamp tax and CFR	10 485	-
Liquor license fees	-	1 440
Charges for services:		
Fire calls	1 300	-
Tax collection fees	15 103	-
Refunds and miscellaneous	10 732	-
Cemetery burials	<u>1 870</u>	<u>-</u>
TOTAL CASH RECEIPTS	<u>250 069</u>	<u>1 440</u>
CASH DISBURSEMENTS:		
Legislative:		
Township board expense and trustees	32 849	-
General Government:		
Clerk	14 769	-
Supervisor	13 863	-
Treasurer	24 425	-
Assessor	18 137	-
Elections	685	-
Board of review	1 264	-
Zoning and planning boards	5 820	-
Township hall expense	11 107	-
Highways, roads and street lights	21 729	-
Liquor law enforcement	-	751
Fire protection	25 708	-
Cemetery	3 267	-
Recreation	<u>8 660</u>	<u>-</u>
TOTAL CASH DISBURSEMENTS	<u>182 283</u>	<u>751</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 67 786	\$ 689
FUND BALANCE, April 1, 2007	<u>251 129</u>	<u>1 178</u>
FUND BALANCE, March 31, 2008	<u>\$ 318 915</u>	<u>\$ 1 867</u>

The accompanying notes are an integral part  
 of the financial statements.



NOTES  
TO  
FINANCIAL  
STATEMENTS

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS

March 31, 2008

---

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Ford River operates under and elected Board of Officers. The financial statements of the Township have been prepared in conformity with generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial-reporting principles. The more significant of the Township's accounting policies are described below.

Financial Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the Township entity for financial-reporting purposes. The criteria established for determining the various governmental organizations to be included in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships.

On this basis, the financial statements of the local school district are not included in the financial statements of the Township. Educational services are provided to citizens through the local school district, which is a separate governmental entity.

Basis of Presentation

Governmental-wide Financial Statements

The Township government-wide financial statements (Statement of Net Assets and Statement of Activities) report information on all of the activities of the Township except for the fiduciary activities. All of the Township activities are considered to be governmental activities.

Fund-based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental and fiduciary funds are provided. The Township reports the General and Special Revenue Funds as the Major Fund.

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund-based Financial Statements (Continued)

Governmental Fund Type

General Fund and Special Revenue Funds - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township. Revenues are derived primarily from state and federal grants and various local sources. The Special Revenue Funds account for revenues and expenditures to be used as per legal or regulatory provisions.

Fiduciary Fund Type

The Trust and Agency Fund is used to account for assets held by the Township in a trustee capacity. These funds are custodial in nature and do not involve measurement of results of operations.

Basis of Accounting

Government-wide Financial Statements

The Governmental-wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The Statement of Activities reports net cost information based on the Township's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the Township provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state and federal aid and other revenues that are not program revenues are reported as general revenues.

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Fund-based Financial Statements

Governmental fund types and Agency Funds use the modified accrual basis of accounting and the flow of expendable financial resources (measurement focus). Under the modified accrual basis of accounting, revenues are recorded when all applicable eligibility requirements are met and resources are available (often referred to as "susceptible to accrual"). Revenues are available when revenues are collectible during the period and the actual collection will occur either (a) during the current period or (b) after the end of the period but in time to pay fund liabilities. The Township considers revenues to be available if they are expected to be collected within 60 days of the end of the year, except that tax revenues, fees and nontax revenues are recognized when received. Grants, entitlements and shared revenues are recorded when they are susceptible to accrual. Expenditure-based grants are recorded as revenue when all applicable eligibility requirements of the grants are met and resources are available. Expenditures, if measurable, are recorded when they have used or are expected to use current expendable financial resources, except unmatured interest on general long-term debt is recorded when due. The Township has no long-term debt.

Budgets and the Budgetary Process

The Township Board adopts an annual operating budget, which can be amended by the Board throughout the year. Formal budgetary accounting is employed as a management control for the Township. For budgetary purposes, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of generally accepted accounting principles. For this reason, there is no common basis for preparing a reconciliation between budgeted and actual amounts. The budgeted financial statements presented in this report reflect the final budget authorization, including all amendments. Budgets are adopted on the functional level and lapse at the end of the year.

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

Capital assets include land, buildings and improvements and equipment and are reported in the Government-wide financial statements. Capital assets are defined by the Township as assets with an acquisition cost of generally more than \$100 or betterments totaling \$1,000 with an estimated useful life in excess of five years. Assets meeting this criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the Government-wide Statement of Activities and included as a direct expense of an identifiable function if the assets sole purpose can be identified as being for that function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

The Capital assets are depreciated using the straight-line method over the following useful lives:

Land	Not depreciated
Buildings and improvements	25-50 years
Equipment	5-10 years

Investment in Capital Assets

This is a portion of net assets of the Township that consists of capital assets, net accumulated depreciation. The Township had net investment in capital assets at March 31, 2008 of \$34,451.

Restricted Assets

Net assets are restricted when there are constraints placed on their use by external parties or by statute. The Township has no restricted assets at March 31, 2008.

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted Net Assets

Net assets not meeting either criteria above are considered unrestricted.

Fund Equity

The unreserved fund equity for governmental funds represent the amount available for budgeting future operations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Accounting Change

Effective April 1, 2007, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments (GASB No. 34). Significant changes to the Township's financial statements as a result of GASB No. 34 are as follows:

Management Discussion and Analysis - provides analysis of the Township's overall financial position and results of operations as reported by the Township's management.

Government-wide financial statements - Statement of Net Assets and Statement of Activities are prepared using the full accrual basis of accounting that includes all of the Township's activities.

Capital assets - recorded in the governmental activities statement of net assets at March 31, 2008 are \$303,989 along with \$269,538 of accumulated depreciation of those capital assets. The April 1, 2007 financial statements reported fixed assets in the General Fixed Assets Account Group (GFAAG) that has been eliminated for reporting purposes. No change was reported in the historical cost of the assets from the GFAAG to the current April 1, 2007 beginning capital assets balance.

Major funds - fund-based financial statements focus on major funds rather than fund-types. Major funds are determined based on the comparison of activity of individual governmental funds to total governmental fund activity.

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE B - CASH INFORMATION

All deposits were made either in banks insured by federal depository insurance or with an investment broker who purchased certificates of deposit insured by federal depository insurance. Deposits were made in accordance with State of Michigan statutes and under authorization of the Township Board.

At March 31, 2008 total cash and certificates of deposit as reported by banks and investment broker amounted to \$317,803, of which \$244,044 was covered by depository insurance.

TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE C - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Public Act 275 of 1980 Disclosure

The Township had no funds with a deficit as of March 31, 2008.

Public Act 621 of 1978 Disclosure

Public Act 621 of 1978, as amended, provides that a local unit of government shall not incur expenditures in excess of the amount appropriated. The Township was in substantial compliance with the Act.

NOTE D - CAPITAL ASSETS

Following is a summary of changes in capital assets during the year ended March 31, 2008:

	Balance at April 1, 2007	Additions	Disposals	Balance at March 31, 2008
<u>Governmental Activities</u>				
Assets:				
Buildings, land and improvements	\$ 80 000	\$ -	\$ -	\$ 80 000
Equipment and Vehicles	213 989	10 000	-	223 989
	\$ 293 989	\$ 10 000	\$ -	\$ 303 989
Less accumulated depreciation	(250 082)	( 19 456)	-	(269 538)
Net Capital Assets	\$ 43 907	\$ ( 9 456)	\$ -	\$ 34 451



TOWNSHIP OF FORD RIVER  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

---

NOTE E - RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies.

All risk management activities are accounted for in the General Fund of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

Management estimates that the amount of actual or potential claims against the Township as of March 31, 2008, will not materially affect the financial condition of the Township. Therefore, the financial statements contain no provisions for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE F - PENSION PLAN

The Township provides pension benefits for its officers and employees through a defined contribution plan through the Municipal Retirement Systems, Inc. At March 31, 2008 there were 13 employees vested in the plan. Participants are vested immediately in an individual flexible annuity. The total cost to the Township for the year was \$5,921 of which all was withheld from employees' wages.

REQUIRED  
SUPPLEMENTAL  
INFORMATION

TOWNSHIP OF FORD RIVER  
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
March 31, 2008

	General Fund		
	Actual Amount	Budget Amount	Variance Favorable (Unfavorable)
CASH RECEIPTS:			
Property taxes	\$ 46 058	\$ 46 000	\$ 58
Swamp Tax and C.F.R.	10 485	10 400	85
State shared taxes	154 183	150 000	4 183
Liquor license fees	-	-	-
Interest	8 538	3 500	5 038
Rents	1 800	500	1 300
Charges for services:			
Cemetery	1 870	2 000	( 130)
Fire calls	1 300	1 800	( 500)
Tax collection and administration fees	15 103	-	15 103
Reimbursements and miscellaneous	10 732	6 601	4 131
TOTAL RECEIPTS	250 069	220 801	29 268
CASH DISBURSEMENTS:			
Township board pension, insurance and trustees	32 849	36 000	3 151
Township Supervisor	13 863	14 000	137
Clerk	14 769	17 000	2 231
Treasurer	24 425	28 000	3 575
Planning commission & zoning	5 820	12 000	6 180
Assessor	18 137	19 000	863
Board of Review	1 264	2 000	736
Cemetery	3 267	6 000	2 733
Township hall and grounds	11 107	15 000	3 893
Recreation	8 660	9 500	840
Elections	685	2 000	1 315
Highways, roads & street lights	21 729	84 383	62 654
Liquor law enforcement	-	-	-
Capital outlay, public improve- ment and contingencies	-	190 000	190 000
Fire protection & hydrant rental	25 708	31 200	5 492
TOTAL DISBURSEMENTS	182 283	466 083	283 800
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 67 786	\$ (245 282)	\$ 313 068
FUND BALANCE, April 1, 2007	251 129	251 129	-
FUND BALANCE, March 31, 2008	\$ 318 915	\$ 5 847	\$ 313 068

See accompanying notes to financial statements.

<u>Special Revenue Funds</u>		
<u>Actual Amount</u>	<u>Budget Amount</u>	<u>Variance Favorable (unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
1 440	1 440	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>1 440</u>	<u>1 440</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
751	800	49
-	-	-
-	-	-
-	-	-
<u>751</u>	<u>800</u>	<u>49</u>
\$ 689	\$ 640	\$ -
<u>1 178</u>	<u>1 178</u>	<u>-</u>
\$ 1 867	\$ 1 818	\$ 49

OTHER  
FINANCIAL  
INFORMATION

FORD RIVER TOWNSHIP  
CHANGES IN ASSETS AND LIABILITIES  
ALL FIDUCIARY FUND TYPES  
YEAR ENDED MARCH 31, 2008

---

	Balance April 1, 2007	Total Receipts	Total Disbursements	Balance March 31, 2008
<u>ASSETS</u>				
Cash	\$ 4 774	\$1 587 832	\$ 1 587 768	\$ 4 838
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>				
Due to Federal and State Government	\$ -	\$ 11 243	\$ 11 243	\$ -
Due to Township Pension	4 554	25 088	24 807	4 835
Due to Township General Fund	220	65 708	65 925	3
Due to Escanaba Area Schools	-	432 056	432 056	-
Due to Bay de Noc College	-	194 620	194 620	-
Due to State of Michigan (S.E.T.)	-	331 953	331 953	-
Due to Intermediate Schools	-	131 774	131 774	-
Due to Delta County	<hr/> -	<hr/> 395 390	<hr/> 395 390	<hr/> -
TOTALS	<hr/> \$ 4 774	<hr/> \$1 587 832	<hr/> \$ 1 587 768	<hr/> \$ 4 838

The accompanying notes are an integral part  
of the financial statements.

TOWNSHIP OF FORD RIVER  
COMBINING STATEMENT OF CASH RECEIPTS  
DISBURSEMENTS AND CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUND  
YEAR ENDED March 31, 2008

---

	<u>Liquor Fund</u>
CASH RECEIPTS:	
Liquor license fees	\$ 1 440
TOTAL CASH RECEIPTS	<u>1 440</u>
CASH DISBURSEMENTS:	
Liquor law enforcement	<u>751</u>
TOTAL CASH DISBURSEMENTS	<u>751</u>
EXCESS OF CASH RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 689
FUND BALANCE, April 1, 2007	<u>1 178</u>
FUND BALANCE, March 31, 2008	<u>\$ 1 867</u>

The accompanying notes are an integral part of  
the financial statements.

RAYMOND L. PAYMENT  
CERTIFIED PUBLIC ACCOUNTANT

17 LUDINGTON STREET  
ESCANABA, MICHIGAN 49829  
PHONE: 906-786-8520  
FAX: 906-786-8521

PROFESSIONAL BUILDING  
STEPHENSON, MICHIGAN 49887  
PHONE: 906-753-4700

REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH "GOVERNMENT AUDITING STANDARDS"

Members of the Board  
Township of Ford River  
Delta County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Ford River as of and for the year ended March 31, 2008, which collectively comprise the Township of Ford River's basic financial statements and have issued my report thereon dated June 19, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Township of Ford River's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose or expressing an opinion on the effectiveness of the Township of Ford River's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Township of Ford River's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified a certain deficiency in internal control over financial reporting that I consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Ford River's ability to initiate,



authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Township of Ford River's financial statements that is more than inconsequential will not be prevented or detected by the Township of Ford River's internal control. I consider the deficiency described in the accompanying schedule of findings and questioned costs as items 07-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Ford River's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described in the Schedule of Findings I consider item 07-01 to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Ford River's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Township of Ford River's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Township of Ford River's response and, accordingly, I express no opinion on it.

The report is intended solely for the information and use of the Township Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Ray L. Payment  
Certified Public Accountant

SCHEDULE OF FINDINGS  
TOWNSHIP OF FORD RIVER

Year Ended March 31, 2008

---

SIGNIFICANT DEFICIENCIES

(07-1) Ability to Prepare Financial Statements and Related Note Disclosures

Like entities of similar size, the Township uses the assistance of the auditor to draft the financial statements and related note disclosures.

The Township will continue to focus its efforts on continuing education for the President, Treasurer and Clerk. We will keep the funding level for education and training the same, but focus more in the financial preparation area than in the past. Trustees will seek out training to better understand the financial statements and the training funds will be at levels similar to the past. In addition, the Township will continue to seek the auditor's assistance when necessary on procedural questions and drafting of financial statements and disclosures.

RAYMOND L. PAYMENT  
CERTIFIED PUBLIC ACCOUNTANT

617 LUDINGTON STREET  
ESCANABA, MICHIGAN 49829  
PHONE: 906-786-8520  
FAX: 906-786-8521

PROFESSIONAL BUILDING  
STEPHENSON, MICHIGAN 49887  
PHONE: 906-753-4700

June 19, 2008

Members of the Board  
Township of Ford River  
Delta County, Michigan

I have audited the financial statements of Ford River Township, Delta County, Michigan, for the year ended March 31, 2008, and have issued my report dated June 19, 2008. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in my engagement letter dated June 19, 2008, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but no absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by me.

As part of my audit, I considered the integral control of Ford River Township, Delta County, Michigan. Such considerations were solely for the purpose of determining my audit procedures and to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the Ford River Township, Delta County, Michigan's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter. I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Ford River Township, Delta County, Michigan, are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008, except that the Township adopted GASB Statement Number 34.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were recording cost values of fixed assets and accumulated depreciation of fixed assets.

Management's estimates of the cost values and related depreciation is based on estimated costs assets and State of Michigan guidelines, respectively. I evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to financial statements taken as a whole.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in my judgment may not have been detected except through my auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Ford River Township, Delta County, Michigan's financial reporting process (that is, cause, future financial statements to be materially misstated). In my judgment, none of the adjustments I proposed either individually or in the aggregate, indicate matters that could have a significant effect on the Ford River Township, Delta County, Michigan's financial reporting process.

### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the government unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all relevant facts. To my knowledge, there were no such consultations with other accountants.

### Issues Discussed Prior to Retention of Independent Auditors

I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Ford River Township, Delta County, Michigan's auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing my audit.

This information is intended solely for the use of the Ford River Township Board and management of Ford River Township, Delta County, Michigan, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Ray L. Payment". The signature is stylized with large loops and a long horizontal stroke at the end.

Ray L. Payment  
Certified Public Accountant